Ministry of Revenue

Integrated Zero Base Budgeting and Managing by Results for 1982-83
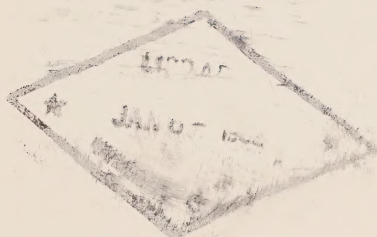
Ontario

THE MANUAL

RESOURCE PLANNING

AND

PERFORMANCE REVIEW

IN THE

MINISTRY OF REVENUE

FOURTH EDITION

Integrated

Zero Base Budgeting

and

Managing By Results

for 1982/83

October, 1981

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I.   INTRODUCTION & OVERVIEW

For a number of years management has concentrated on developing an annual resource planning and performance review process involving Zero Base Budgeting techniques combined with a Managing by Results philosophy. This has been part of a policy of progressively improving management capability in the Ministry. Much has been accomplished, and in 1982/83 this policy will continue with the further development of the Ministry's resource allocation and performance measurement systems in response to both internal Ministry needs and external Government demands.

During 1981, Management Board developed a series of policy guidelines concerning: Ontario's Management Philosophy; Operational Planning, Budgeting and Reporting; Priority Planning & Resource Allocation; Managing by Results; and Internal Auditing. These publications establish guidelines which are consistent with the Ministry's allocation and performance measurement systems and for 1982/83 will provide assistance in the further development of the concepts of performance evaluation and comprehensive auditing in the Ministry.

This is the fourth ZBB/MBR manual published by the Ministry since 1978. This year five additional features will be incorporated into the integrated ZBB/MBR process to enhance its effectiveness and usefulness.

- The concept of special category expenditures will be extended to cover not only Oshawa Relocation expenditures but also the Productivity Investment Account.

- The system of program allocations and Ministry reserves will be extended to fund productivity improvement packages and Oshawa relocation packages in addition to increment and enhancement packages which may not have been provided for in preliminary program allocations.

- Branches will be offered the opportunity of defining specific decision packages such as Affirmative Action and Staff Training and Development to better facilitate planning in these important areas.

- In the light of the development of government policy guidelines more emphasis will be placed upon Managing by Results for 1982/83. The considerable array of data and information which has been available to management for many years will be integrated into the M.B.R. process.

- As a further step in simplifying the process, Branches will be able to input decision package data and ranking decisions into the computer and receive hard copy output automatically.

While the 1982/83 manual follows the general pattern of previous years, the following areas should be highlighted. Section II discusses the annual resource allocation and reserve systems as the natural outcome of the Ministry's approach to strategic planning and emphasizes the close relationship between the short and longer-term planning processes.

In steps 5 and 6 of Section IV, which deal with the documentation and ranking of decision packages, instructions have been added to cover the computerization of the documentation.

In section V dealing with the M.B.R. process, considerable emphasis is placed on the philosophy of M.B.R. and the improvements which are being introduced for 1982/83 based on past experience in the Ministry of Revenue and recently published Government guidelines.

Section VI displays the forms for 1982/83, which have been modified as a result of the introduction of computer file storage of ZBB data and the ability of the process to automatically generate hard copy output on demand.

Finally, in Section VII, appendices have been included to provide information on Ministry systems which support the ZBB/MBR process and to detail the codes which have become necessary for computerized references.

The intention of the manual is to provide Ministry managers with general guidelines for the preparation of ZBB submissions and the development of ongoing MBR reporting systems. Where managers find that any part of the manual is not completely clear or where there is difficulty in applying the procedures to particular circumstances, advice and assistance should be sought from the Finance & Priorities Planning Branch.

II. STRATEGIC PLANNING AND RESOURCE ALLOCATION

Long-term strategic planning is a major concern of senior management in the Ministry of Revenue. The formulation of Ministry level long-term goals and the development of program strategies are needed to demonstrate to Cabinet, the Policy & Priorities Board and Management Board that the Ministry manages the public funds and resources entrusted to it in a responsible manner to achieve Government policy objectives. Strategic plans determine both the amount of the resources apportioned for Ministry purposes in the present and how much will be needed in the future, particularly to pursue planned investment opportunities.

The Ministry's emphasis on strategic planning and the development of long-term goals has increased in recent years. As needs have arisen, Ministry and program strategies have been documented and commitments made to Cabinet and Management Board. Ministry long-term plans are also defined in the Minister's statements to the Legislature for defence of the annual Estimates. A sampling of current Ministry strategic objectives is provided in Appendix A.

Long-term strategic plans are developed and monitored at both the Ministry and program levels to assure that an 'official' plan, at any point in time, clearly describes the Ministry's intended direction in line with its present environment, future opportunities and overall Government policies. Defining the nature of the Ministry's future contribution to the Government and the public which it serves is an important responsibility demanding the priority attention of senior management.

But even the finest and most cleverly devised plans are of no value if they cannot be put into effect. A senior management responsibility of parallel importance to long-term planning is to ensure that the strategic plans which have been made are implemented through the annual resource planning process. What is being planned within the annual period must advance the longer-term goals, objectives and commitments of the Ministry.

In previous years, annual operational planning has been formally integrated with the Ministry's strategic long-term plans and priorities by way of a system of program resource allocations and specified reserves. For 1982/83 the linkage between long-term strategic goals and resource allocations will be tightened in two ways:

(i)   The concept of special category ZBB decision packages will be applied to the Productivity Investment Account as well as Oshawa Relocation.

(ii)   The system of allocations for basic program service
        levels and Ministry reserves for decisions above the
        basic level will be continued and expanded to include
        funds for special category packages such as those
        relating to Oshawa relocation and productivity
        investments, in addition to the general Ministry
        reserve.

The 1982/83 system of program resource allocations and
reserves giving direction to the annual process will operate
as follows:

● Part of the total Ministry allocation approved by
  Management Board will be assigned to program areas to fund
  a basic level of service. These allocations to programs
  are based on Ministry and program priorities and plans
  along with analyses of basic level ZBB documentation and
  related MBR results from current and prior years.

● The balance of the Ministry's total allocation will be
  reserved for later assignment to program areas after a
  review of the total 1982/83 ZBB submission and the ranking
  of priorities.

● The objectives for which the balance of the Ministry's
  total allocation is reserved for later assignment are:

     -   Relocation to Oshawa: ZBB decision packages will be
         funded from the specific "Oshawa Relocation" allocation
         which has been authorized by Cabinet.

     -   Productivity improvement projects: ZBB decision
         packages which request funds to carry out productivity
         improvements such as new EDP systems and changed
         administrative methods will be funded from a specific
         reserve identified as the "Productivity Account".

     -   Special projects: ZBB decision packages which plan
         special activities such as "Affirmative Action" and
         "Manpower Development" may be funded from Ministry
         reserves if not included in priority ranking for basic
         service level allocations.

     -   General decisions: ZBB decision packages that reflect
         increments in service levels up to current and
         enhancements beyond current service which were
         impossible to fund within program allocations.

● The basic service level allocations to each program will be
  divided among the various branches contributing to the
  program's total delivery in order to provide a preliminary
  budget allocation for each branch. At the discretion of
  the program head, this may be done by distributing the
  program allocation proportionally among the branches,
  either in total or, after a portion has been reserved for
  later ZBB planning decisions at the program level.

- Branches within each program will use the preliminary budget allocation as a guide to begin ZBB planning at the branch level. The preliminary budget allocation is intended to exceed the aggregate resources necessary to fund all the basic decision packages of a branch and allow for the funding of packages above the basic level for some if not all decision units.

- Documented decision packages proposed by branches above the preliminary budget allocation will compete, through the regular ZBB ranking of priorities, for the funds reserved at the program level and at the total Ministry level for increments, enhancements, new initiatives and productivity investments.

In Appendix B, the 1982/83 system of resource allocations to programs and branches and Ministry reserves for specified purposes is set out in chart form. In addition, Appendix B shows the types of decision packages by which branches compete for the various reserves.

III.   PROCESS ACTION SCHEDULE FOR 1982/83

Set out below is a timetable of the managerial actions and
related documentation required for planning the financial and
manpower resources to be used in 1982/83 and subsequently for
reviewing the resulting performance.

Month	Action	Documentation
Oct. 1981	Program and Branch basic level resource allocations made to integrate strategic plans with the annual process.	• Basic level allocation made to programs. • Program allocations divided among branches.
Oct. 1981	Branch and decision unit managers preplan ZBB functions, result indicators and service levels assisted by F.& P.P.B. analyst in line with planning guidelines.	• ZBB Plan & Summary Form ZBB1, headed up for each decision unit. • Functions and result indicators described • Decision packages and service levels defined.
Oct. 1981	Branch level planning sessions prior to decision package documentation held for discussion, understanding and agreement on: - preliminary budgets - strategic plans - result expectations	• Planning of decision packages. • Preliminary branch ranking of decision packages. • Decision package alignment with strategic planning guidelines.
Oct. & Nov. 1981	Decision unit managers construct a hierarchy of decision packages or service levels for their units.	• ZBB Decision Package Worksheet, Form ZBB2, completed for each decision package planned and all worksheets summarized on Form ZBB1.
Nov. 1981	Packages computerized	• Worksheet data entered into computer via ZBBDOC.

Month	Action	Documentation
Nov. 1981	Branch managers rank decision packages proposed by decision units	• Decision packages ranked using ZBBRANK to reflect service level priorities for branch as a whole after summaries and worksheets received from decision units.
Nov. 1981	Program managers rank decision packages submitted by branches and adjust prior branch and decision unit ranking if necessary.	• Decision package ranking made for program by ZBBRANK.
Dec. 1981	The total Ministry resource allocation is fitted to Ministry and program ranking of decision packages to accommodate basic level funding and distribute previously reserved resources.	• Budget line drawn on Ministry and program Ranking Sheets to determine program and branch allocations and the decision packages to be funded.
Dec. 1981	Resource allocations are fitted to branch ranking of decision packages.	• Budget line drawn on branch decision package ranking sheet to determine decision packages to be funded.
Dec. 1981	Manpower associated with funded packages is checked to available Classified Structure Ceiling.	• The F.& P.P.B. identifies the CSC associated with funded decision packages and confirms the viability of the staffing plan.
Dec. 1981	Resource allocations by branch are submitted to Management Board for review.	• 1982/83 Estimates submission forms are completed by the F.& P.P.B.
Jan. 1982	Decision unit and branch managers establish MBR systems to monitor the results planned through ZBB.	• 1982/83 MBR Plan & Forecast forms are completed from ZBB data to establish the results planned for the year by each decision unit and branch as a whole.

Month	Action	Documentation
Jan. 1982	MBR commitments are made to Management Board.	● MBR Abstracts prepared for presentation to Management Board.
Jan. 1982	Branch and decision unit managers ensure that resource expenditure and output measuring systems are established to provide data on result commitments for each ZBB decision unit.	● FDBS/ASN structure is designed for resource expenditures and branch and program systems are prescribed for result data.
Mar. 1982	Ministry and program management review the MBR plans submitted by branch managers through F.& P.P.B.	● 1982/83 MBR plans are given final approval and filed in Deputy Minister's MBR Book.
Mar. 1982	Multi-year resource usage planned for the Ministry.	● Key result indicators chosen and predictive models established to forecast future resource needs.
During 1982/ 83	Branches make quarterly MBR reports to Ministry and program management through the F.& P.P.B.	● 1982/83 MBR Report forms are completed to show results achieved and explain reasons for variations from plan. Copies are filed in Deputy Minister's MBR Book.
Apr. 1983	Final 1982/83 results communicated to Management Board.	● MBR Report Abstracts prepared for review by Management Board.

IV.   1982/83 ZBB PLANNING

This section will provide managers with a working guide through all the steps for establishing a results-oriented ZBB plan of resource usage for 1982/83.

Managers will find that ZBB planning for 1982/83 closely follows the methods used for 1981/82. However, this year there are two significant developments in the continued improvement of the process which should be noted.

Computerization

Mechanized systems have been established to reduce documentation and paper burden for managers. Managers will now be able to input information from the ZBB Decision Package Worksheet into the computer for storage and eventual use. It will no longer be necessary to type the worksheet form and any amendments or revisions can be made via the computer terminal and hard copy printouts may be obtained at any time. Details of these improvements to the process will be found in ZBB steps 5 and 6 and in the forms which have been modified for computer input.

Productivity Investments

In 1981/82 the Ministry adopted the concept of a base allocation and a reserve from which branches competed for funding. In 1982/83 this system of allocations and reserves will be extended to include the Ministry's Productivity Account.

Any investment in productivity improvement projects required by branches for 1982/83 will be made from this Ministry level reserved allocation. So that investments can be appropriately priorized and monitored, it will be necessary to establish a separate productivity investment decision unit for the branch which will plan and document all the branch's investment decision packages competing for a share of the Ministry level reserve. The consequences of this development will be highlighted in ZBB Steps 1, 2, 3 and 4.

1. IDENTIFICATION OF DECISION UNITS

The Ministry's ZBB resource planning begins within the basic operating units which make up each program activity, branch, office or project group. In ZBB terminology these basic operating units are called decision units.

The proposed structure for the Ministry's 1982/83 Printed Estimates is set out in Appendix C. For ZBB planning, the separately listed program activities are considered to be branches having one or more decision units. Also, each of the 31 Regional Assessment Offices reporting to the Assessment Field Operations Branch is deemed to be a branch for the purposes of ZBB although the offices are not shown as separate program activities in the estimates format.

The first ZBB step requires the manager of a branch to identify the one or more decision units which account for all the functional responsibilities of the branch. A ZBB plan will be prepared for each decision unit and, subsequently, performance will be reported against plan through MBR systems.

Because the decision unit has such importance as the basic operating unit in ZBB planning, the manager of a branch will need to design the most appropriate decision unit structure for the branch in consultation with his subordinate managers. In this task it may be helpful for managers to consider the following characteristics of a ZBB decision unit.

- It is an organizational subdivision of the branch performing specific functions and providing unique contributions to the total output of the branch.

- Usually, it is managed by a supervisor or section head who is responsible and accountable for the resource budget and output commitments of the unit and has some flexibility in choosing between various funding and output levels of functional operation.

- It is a reporting centre for purposes of MBR systems.

- It may be a special administrative structure set up to facilitate the planning and monitoring of designated projects and activities such as productivity investments and Oshawa relocation.

- It will have a unique account serial number (ASN) within the Ministry's Financial Data Base System (FDBS).

To assure continuity in planning and reporting, managers should review the existing structure of branch decision units and MBR centres before establishing the 1982/83 structure.

2. DECISION UNIT FUNCTIONS AND RESULT INDICATORS

In the second step, managers of decision units begin the formulation of ZBB plans for the unit by identifying the functions to be performed during 1982/83.

A function, in ZBB terminology, is an operation or project carried out, or a service provided by the decision unit. A list of functions will describe in total what a decision unit intends to do, what its objectives are and what contribution it will make to the total operation of the branch.

The identification and description of the functional activities of a decision unit is a critical part of the ZBB/MBR process. Time spent initially to ensure that the functions are clearly stated and understood by all managers and staff in the branch will avoid difficulty in later steps of the process. Also, it is important that the functions of the unit reflect the strategic planning objectives and areas of emphasis established by branch and program management.

Special administrative decision units will have unique functions, usually of a project nature. For example, a productivity investment decision unit will be responsible for one or more productivity improvement projects.

After identifying the functions and projects which will be carried out, the decision unit manager needs to prescribe how the level of service or extent of performing each function will be measured. In other words, a result indicator must be stated which when quantified or qualified will describe the level at which the function is performed. For a more detailed explanation of result indicators, consult Appendix D.

The decision unit manager documents this step on a 1982/83 ZBB Plan & Summary form, indicating that the Form ZBB1 is being completed in its "Planning Mode" by checking that box under the Branch and Decision Unit identification.

In the area headed Functions and Result Indicators, the unit manager will describe a function on the first line using a brief description of one or two words. On the next line, list a result indicator for the function. If more than one result indicator for the function is to be used, each is listed on a separate line. Then another function is described beginning on a new line and on the next line the result indicator used to measure it. Proceeding in this way, all the functions of the decision unit and the result indicators used to measure their level of service are listed, one function or indicator per line. Use an additional Form ZBB1 if all the discrete functions to be performed by the decision unit and at least one result indicator for each cannot be included on a single form.

At this stage the decision unit manager may wish to establish bench-mark guides for the planning of service levels. To do this the manager would quantify or qualify the result indicators for each function at either the desirable or the current level of annual service. If such data is not readily available from MBR systems it would need to be estabished for the first time as a target estimate. The manager may find it useful to record, temporarily, this result data for reference purposes in the column headed Decision Unit Result Totals opposite the indicator being measured.

3. PLANNING OF SERVICE LEVELS

Having defined the functions of the decision unit and the result indicators by which service and output levels are measured, the decision unit manager is now prepared to plan the levels of service and output for 1982/83 and the resources required for operation.

Planning of service levels is probably the most important step in the ZBB process because it provides the decision unit manager with the opportunity of presenting convincing arguments for the operation of the decision unit at various service levels, both above and below current operations. By providing real options related to output and funding levels for branch, program and Ministry decision-making, the decision unit manager enhances the competitive position of the unit in its demands for a share of the scarce resources available.

Service levels of decision units are described in ZBB terminology by one basic decision package together with a number of discretely incremental decision packages.

Each decision package may be multi-functional; that is, it may relate to one or a number of functions. This concept of the multifunctional decision package provides managers with a high degree of flexibility in planning operating levels while requiring only a modest number of decision packages to be documented.

The basic or minimum level decision package is of a size, in terms of the outputs and costs of the functions performed, below which it would not be reasonable to operate the decision unit at all. It is usual for a basic package to represent less than the level of service currently being provided by the decision unit.

All decision packages other than the basic package are incremental in nature adding output to functions already performed or adding new functions for the first time.

Where project or development functions other than productivity investment projects are planned by decision units within the usual level of service they may be described in separate decision packages so as not to mix them with operational functions. However, productivity investment projects which are planned by special productivity decision units, must each be described in separate decision packages. Also separate packages must be planned for increments to each investment project.

By creating a hierarchy of decision packages made up of a basic package and a number of incremental packages, a decision unit can define a range of service levels at which it is able to operate and so provide options for decision making.

To propose a decision package structure for the decision unit, the manager will continue to work with the 1982/83 ZBB Plan and Summary form which was used earlier to identify the decision unit and describe the functions and result indicators.

Since service level planning involves a consideration of the size of decision packages in terms of resource costs, the manager may find it useful to record temporarily the unit's total 1981/82 resource budget in man years and expenditure in the column headed Resource Totals on the 1982/83 Plan & Summary form. This resource data would be a guide to a reasonable number of decision packages and funding options.

The first package to be planned is the basic level package. It will represent operation of the decision unit at the lowest reasonable level of functional performance. The manager will display an "X" in the column DP1 on the lines describing the functions to be performed in the basic package. Next, the manager will quantify or qualify the result indicators to describe the level at which the functions will be performed in the package. Then, the manager will estimate the approximate resource requirements, in terms of man years and dollars to operate the package and record these in the DP1 column. Service level outputs and costs for the basic package will be less, perhaps substantially less, than the decision unit's total output and 1981/82 budget which may have been listed previously as planning guides.

The next package will be planned in column DP2 and will represent an addition to the basic package. If a function is to be performed, "X" is recorded in the column opposite the function. The result indicators are then quantified or qualified to indicate only the improvement in the basic level of service added by the package. Additional resource requirements needed to undertake the functional activity identified in the package are estimated and recorded in the package column.

Similarly, additional decision packages are planned using the columns, DP3, DP4, and DP5. If more decision packages are required a second Form ZBB1 is used.

The approach described above to planning a hierarchy of decision packages deals with all the functions, results and costs of a single decision package before moving on to planning the next package. An alternative approach, which may be helpful to managers, is to deal initially with the functions to be performed in all the decision packages before quantifying the expected results and estimating the costs of any of them. This approach would work as follows:

- Place an "X" in column DP1 opposite those functions which constitute the basic level of service provided by the decision unit.

- Given that the basic package will be funded and that additional resources could be allocated to the decision unit, determine what functions would be performed in a second decision package DP2. These would be either more of the functions already performed in DP1 or functions performed for the first time at an initial level of service. Place "X" in column DP2 to reflect these options.

- Assuming that both DP1 and DP2 can be funded, what functions would be performed in DP3 if more resources were available. Indicate more of previously performed functions or additional functions with an "X" in column DP3.

- When at least three, if not more, decision packages have been identified as to functions performed, the result indicators for each package are considered. What is the estimated quantity or quality of the result indicators for the functions planned in the basic decision package. Record these in column DP1. Then quantify or qualify, on an incremental or non-cumulative basis, the result indicators for the functions planned in DP2. In other words, estimate to what extent DP2 will raise the level of service supplied by the decision unit and record the data in column DP2. Similarly, quantify or qualify the outputs of all the remaining decision packages which have been planned.

- Finally, at this stage, provide an estimate of the resources in man years and dollars required to deliver each decision package. Record the resource needs in the columns DP1, DP2, DP3, etc.

The basic level package plus at least two incremental packages must be proposed by each decision unit. The size of incremental packages should be carefully considered in order to provide viable decision options for branch and program managers. Decision packages requiring less than one man year and $25,000 in total expenditure should be avoided where possible. Productivity decision units will propose at least one decision package for each investment project planned.

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When all decision packages have been planned, the quantities
or qualities of the result indicators recorded for each
package are aggregated and recorded in the column headed
Decision Unit Result Totals. These totals would replace any
totals which previously may have been used as a planning aid
and now define an estimate of the level of service planned for
1982/83 by the decision unit if all packages can be funded.
Similarly, the estimated resource requirements of each package
are totaled and recorded in the column headed Resource Totals
to replace any previously recorded costs used as a planning
guide. These totals now represent the decision unit proposal
for 1982/83 necessary to operate all the planned decision
packages.

At the conclusion of step 3, the decision unit manager will
have documented a proposed structure of decision packages on
the 1982/83 Plan & Summary form defining the various service
levels at which the decision unit can be operated. The
manager is now prepared to begin discussions of the budget
proposal with the branch manager and other decision unit
managers before formal documentation of the packages.

4. PRE-DOCUMENTATION PLANNING

A planning session for the branch manager and the decision
unit managers prior to the documentation of decision packages
constitutes a formal step in the Ministry's ZBB process. In
effect, this step is a branch level preview of the priority
ranking of decision packages. The preliminary ranking
provides the opportunity to make adjustments to the service
levels proposed by decision unit managers and agree, in
concept, on the total branch structure of decision packages,
service level outputs and expenditures before the packages are
finally documented.

The session will provide a forum for a discussion to achieve
understanding and agreement in three areas of branch resource
planning:

Preliminary Budget Allocations

    As a guide to the size and ranking of decision packages
    branches will be given a preliminary budget allocation with
    which to fund branch service at or above a basic level but
    less than the actual level of service currently provided.
    A branch manager will want to establish agreement among the
    decision unit managers concerning the size and content of
    their basic packages, the aggregate of which determines one
    measure of a basic level of service for the branch as a
    whole. This agreement is necessary to ensure that at least
    all basic packages are included in the preliminary
    allocation and that the possibility of funding within the
    allocation, packages in addition to the basic for some
    decision units is fully explored. The more a branch can
    accomplish within its preliminary allocation the better
    positioned it will be in competing for enhancement, new
    initiative and productivity investment allocations reserved
    at the program and Ministry levels.

Strategic Planning Input

It is the responsibility of branch managers to provide direction to ensure that decision unit managers follow the strategic planning guidelines established by higher level program and Ministry management. The pre-documentation session is a good checkpoint for review of decision unit and branch compliance with the strategic plans of the program and the Ministry.

Agreement of Result Indicators and Expectations

At the pre-documentation planning session, agreement should be reached on what the result indicators are for the critical areas of branch operation. The ranking of decision packages and the planning of branch service levels is facilitated if the expected results are clearly understood by the branch manager and the decision unit managers prior to documentation of the decision packages. Also, the MBR systems for 1982/83, which are required immediately after branch and decision unit budgets have been established, can be more selectively focused on areas of planning emphasis.

Pre-Documentation Planning Agenda

No set format is prescribed for this ZBB planning session which constitutes step 4 of the process. Each branch manager is free to conduct the meeting or series of meetings in the most appropriate way. However, a list of agenda items is suggested as follows:

- Review of the decision packages planned by each decision unit and documented on Form ZBB1.

- Preliminary branch ranking made of all decision packages proposed by decision units using a 1982/83 Decision Package Ranking sheet.

- Fit of the branch's preliminary budget allocation to the preliminary ranking of decision packages with adjustment of basic level packages if necessary.

- Alignment of decision packages with strategic planning guidelines and adjustment as necessary.

- Agreement on result indicators for all functions performed and critical areas of branch operation for MBR reporting.

- Agreement on a conceptual structure of decision packages for each decision unit enabling decision unit managers to begin the formal documentation of packages.

Branch managers might request that a Finance & Priorities Planning Branch analyst attend the pre-documentation planning session as a resource person. The analyst could assist in reviewing procedures and resolving problems which would save time and effort in the later documentation of the ZBB proposals.

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5. DOCUMENTATION OF DECISION PACKAGES

In this ZBB step each decision package which was planned, discussed and agreed on during steps 3 and 4 is documented in detail. Using the 1982/83 ZBB Decision Package Worksheet, Form ZBB2, the decision unit manager provides an expansion of each decision package which was planned on the ZBB Plan & Summary form. Decision unit managers will want to prepare this documentation carefully since each worksheet, in effect, represents a sales proposal for the package which will influence its ranking and acceptance for funding by higher level decision makers.

For 1982/83 the decision package worksheet need only be completed in handwritten form as a computer input document. All subsequent editing, data revision, production of hard copy and priority ranking can be done quickly and easily using the computer system developed by the Finance & Priorities Planning Branch.

Two new items have been added to the 1982/83 worksheet form for use in mechanized systems. These are "Reference Code" in the top right hand corner and "Ranking Sheet Word Description" in the functions area. Both of these items will be dealt with later in this step under "Computerization of Decision Package Documentation". While other parts of the worksheet are essentially unchanged from previous years and managers will be familiar with them, the following notes highlight various points which should be helpful in preparing the 1982/83 decision package documentation.

- On the right side of the identification block at the top of the form the decision unit name and decision package number will correspond to those shown on the ZBB Plan & Summary form.

- Decision Package Level or Type in the identification block refers to a word description of the package which can be used as a quick reference to its nature. In order to standardize package descriptions throughout the Ministry for 1982/83 it will be necessary for managers to describe each package as being in one of the following five classes:

Basic	Basic package below current level of operation.
Increment	Packages raising service level towards current level of service.
Enhancement	Packages above current level of service or new initiatives.
Productivity Improvement	Packages describing projects to be funded from the Productivity Account.
Oshawa Relocation	Packages to be funded for relocation to Oshawa.

- Functions to be performed by the decision unit in delivering the package are described in more detail than was sketched on the ZBB Plan & Summary. Rather than a brief one or two words, some lines of narrative should tell what the package is intended to do, what the objectives are, and how the various functions are interrelated.

- Manpower and expenditure costs of the package are identified under the items shown. Calculate salary costs using the latest rates announced prior to October 1, 1981 and include merit increases as necessary. Benefit costs are calculated at 18% of regular salaries and 4.5% of unclassified salaries. Provide for other expenditure items at anticipated 1982/83 cost levels. The annual man years need and annual cost figures are annualizations of the resources required for the package in 1982/83. All figures relate only to the subject package.

- Under Additional Data it is essential that information on each decision package regarding alternatives, consequences of elimination, technical changes and related decision units be provided to fully describe the contribution of the decision package. Consideration of alternatives and technical changes may suggest efficiency improvements and a statement of the consequences of elimination often affects ranking and funding decisions. Statements regarding the consequences of performing functions only at the level defined by the subject package may argue for increasing the service level through the funding of additional packages.

- Classified staff detail is required on the reverse side of the form. The salary amounts to be shown in this section are the full dollar amounts of actual salary costs expected to be incurred based on salary rates in effect on October 1, 1981. This year the decision package worksheet has been modified at the request of some branches to show the position codes as well as the position descriptions of staff to be funded in the package. The position codes will also be used by the Finance & Priorities Planning Branch in establishing CSC with Management Board, and in connection with updating the IPPEBS file and reviewing salaries charged to ASNs. If space is insufficient, position codes may be listed in the "Additional Data" section of the worksheet.

- The costs of classified overtime and contract and temporary staff included in the package are required on the reverse side of the form in full dollar amount. The total of these costs added to the total classified salaries will equal the total salary expenditure shown on the front of the form.

Computerization of Step 5 Decision Package Documentation

In order to computerize the textual and numeric data recorded on the decision package worksheet it must be coded, described and fed into the computer in accordance with the following instructions:

- Reference Code

The Reference Code is a nine character box in the top right corner of the worksheet designed to:

- provide a unique identifier for the decision package worksheet
- enable automatic production of ranking sheets from the computerized decision package data

The data to be entered as the reference code is indicated in the following diagram:

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┌─────┬─────────┬─────────────┬─────┬─────┬─────┐
│  1  │  2 : 3  │  4 : 5 : 6  │  7  │  8  │  9  │
└─────┴─────────┴─────────────┴─────┴─────┴─────┘
Program────┘         │              │     │     │
Branch─────────────┘                │     │     │
Decision Unit──────────────────┘    │     │     │
Package Level Number─────────────────┘     │     │
No. of Packages in Decision Unit───────────┘     │
Package Level or Type────────────────────────────┘
```
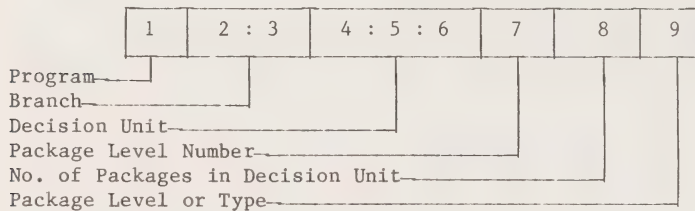
To complete the reference code box on the decision package worksheet proceed as follows:

In position 1, enter the appropriate program code from Appendix E.

In positions 2 and 3, enter the appropriate branch code from Appendix E.

In positions 4, 5, and 6, enter up to three letters which indicate the decision unit to which the package belongs. Managers are free to choose decision unit codes which serve identification needs within the branch.

In positions 7 and 8, enter the number of the decision package, and the total number of decision packages in the decision unit. For example if the decision package is the second ranked package of 4 packages, enter "2" in position 7 and "4" in position 8.

In position 9, enter one of the following letters to indicate the level or type of the package.

$$
\begin{array}{ll}
B & - \quad \text{Basic} \\
I & - \quad \text{Increment} \\
E & - \quad \text{Enhancement} \\
P & - \quad \text{Productivity} \\
O & - \quad \text{Oshawa}
\end{array}
$$

- Ranking Sheet Word Description

The 1982/83 decision package worksheet contains a new seventeen character box in the functions section. Enter in this box a concise word description of the decision package. The introduction of mechanized systems provides for the automatic production of ranking sheet printouts from the data stored in the computerized decision package worksheet file. The text that is entered in the description box will be printed along with the reference code on the ranking sheet line which describes the decision package. Normally it will contain abbreviations to indicate the decision unit, service level and/or specific function funded by the package. For example, if the package is a productivity improvement package which funds the third phase of the computer development required for the BASYS system, the manager might enter "EDP DEV BASYS 3" in the description box on the decision package worksheet.

- Computer Input

After decision package worksheets have been completed in handwritten form all the textual and numeric data will be entered into the computer.

Staff of the Finance & Priorities Planning Branch will provide instruction on a visual display terminal (VDT) input system (ZBBDOC) and arrange for terminals to use the screen input technology available at Queen's Park Computing Centre.

The decision package worksheets will be maintained as a permanent computer file. This computerization will not only facilitate adjustment of 1982/83 data and reduce paper burden but will greatly simplify the ZBB process in subsequent years, particularly where the functions and decision unit structure of a branch do not change substantially.

Summary of Step 5 Decision Package Documentation

Once all the decision packages which were planned have been fully documented on decision package worksheets and entered into the computer, they are summarized on a new ZBB Plan & Summary. The Plan & Summary is now completed manually in its "Summary Mode"; that is, the form will now provide a summary and index of data in the decision package worksheets which will be attached to it. The computer system does not yet have the capacity to produce 1982/83 Plan & Summary printouts. Completion of the form is similar to its completion in the "Planning Mode" with the important difference that the data now reflects what is actually documented on the decision package worksheets. All quantities and qualities of result indicators and amounts of resources recorded in the decision package columns will come from the decision package documentation. The columns headed Decision Unit Result Totals and Resource Totals will aggregate the result and resource data recorded for each package and will define the level of service proposed for 1982/83 and the resource requirements needed to deliver it.

To complete step 5, the ZBB Plan & Summary form and attached decision package worksheets, in computer printout form where available, are transmitted from the decision unit for review and ranking by branch and program managers. At this time the ZBB Plan & Summary used in steps 1, 2, 3 and 4 as a preplanning document can be discarded.

6. PRIORITY RANKING OF DECISION PACKAGES

When the manager or supervisor of a decision unit submits decision package worksheets for review and ranking by the branch manager, they are automatically ranked in decision unit priority order as shown on the Plan & Summary form, DP1, basic package, DP2, increment package, etc.

To priorize all the decision packages from all the decision units of a branch for the identification of alternative levels of operation and funding, a process of branch level ranking is carried out. This process was done on a preliminary basis in step 4 before the formal documentation of the decision packages and now is a matter of fine tuning earlier agreements.

The branch ranking is documented on the 1982/83 ZBB Decision Package Ranking Sheet, Form ZBB3. The basic decision packages will be listed first because they have top priority and in the aggregate, usually constitute the basic level of branch service. The cumulative columns of Man Years and Expense at the last listed basic package should compare with the preliminary budget allocation at which the branch may be required to operate for 1982/83.

After the basic packages, other types of packages from the decision units are listed and intermingled in priority order. These packages will compete with the packages from other branches in the Ministry for available funds above the preliminary budget allocation.

When the Ranking Sheet has been completed, copies of the Plan & Summary forms and related decision package worksheets received from decision units are attached. The Ranking Sheet and attachments are then submitted for program level review and ranking by the Executive Director or Assistant Deputy Minister.

After the Executive Director or Assistant Deputy Minister receives decision packages ranked in priority order from each branch manager, a program ranking process is begun. This process involves conferences with branch managers to confirm or reset goals, objectives and commitments. Each decision package is reviewed in order to assess its contribution to the total program and its value compared to decision packages in other branches. The program ranking will produce an intermingling of decision packages from all branches and create a program hierarchy of decision packages which identifies alternative levels of program operation and funding. Program ranking may necessitate new agreements and adjustment of the original ranking of branch decision packages.

Documentation of the program ranking is made on a Decision Package Ranking Sheet which includes a branch reference to each package. Packages to be funded from the basic program allocation would be ranked first and then all other packages would be ranked in priority order.

Computerization of Step 6 Priority Ranking

In the 1982/83 process, decision package ranking at branch and program levels will be done by a computerized system (ZBBRANK) using the decision package data which was entered and stored in the computer for each decision unit during step 5.

A branch ranking of decision packages will be produced that automatically shows all the information described on the ZBB Decision Package Ranking Sheet. What is needed to obtain this computer printout is a list of the decision packages in priority order. The listing can be made on Form ZBB 3 with only the Rank and Reference Code columns completed for input to the computer. The printout will display all the other ranking sheet information.

Similarly a computerized decision package ranking by program will be produced in full detail from a simple ranked list of reference codes.

Staff of the Finance & Priorities Planning Branch will provide instructions for this mechanized ranking system and make arrangements for terminal use. Modifications to the ZBBRANK system which improve flexibility and reduce input effort have been developed by the Assessment Program and are now available for Ministry-wide use.

7. FITTING THE MINISTRY ALLOCATION TO PROGRAM PRIORITY RANKINGS

The task in the final step of the ZBB process is to decide on the decision packages which can be undertaken in priority order within the total Ministry resource allocation approved by Management Board.

The Deputy Minister will require a Ministry level ranking to be produced from the program presentations. Senior management will determine, from the ranking summaries, those packages from each program, including packages above the basic service level, which can be funded from the resources available.

It may be necessary to make some resource trade-offs and fine-tune decision packages. Such actions might involve discarding incremental packages from one branch so that resources can be applied to another. Also, the last added incremental package of one, or a number, of branches may be modified to obtain resources for transfer to decision packages of branches which otherwise could not be accommodated.

Aggregations of accepted decision packages for programs and branches will identify the resource allocations given to each program and branch in contractual exhange for the output commitments made. These contracts, by which resources are given only when results are committed, form the basis of the MBR systems which can be established once the funding allocations have been decided.

The results-oriented plan of resource usage for 1982/83 which is finally agreed and documented is then presented to Management Board in the form of the Ministry's annual estimates submission. Following approval, implementation of the annual plan is monitored for results using the MBR systems which have been established.

V.   1982/83 MBR SYSTEMS

This section describes how MBR systems are set up to monitor the attainment of results and the use of resources planned through the ZBB process.

MBR PHILOSOPHY

Managing by results is a concept of management in the Ministry which gives equal formal attention to the elements of results and resources in the annual operational planning, budgeting and reporting process.

The allocation of resources in exchange for result commitments is a fundamental principle governing the decisions made by managers during the ZBB planning phase of the process. Following establishment of ZBB plans, the elements of resource usage and result commitments are forecast or calendarized throughout the year. Reports of actual achievements compared to plan are provided later during the year to monitor the management of resources and the achievement of results. In short, ZBB establishes a results-for-resources contract while MBR reviews performance of the result and resource elements in the contract.

Table 1 highlights the ongoing concern Ministry managers have for both results and resources following the establishment of ZBB plans by displaying the family of data gathering, analysis and reporting systems which concentrate attention on the attainment of planned results and the control of budgeted resources.

TABLE 1

FORECASTS AND REPORTS OF RESULTS AND RESOURCES

ELEMENTS OF ZBB PLANS AND ANNUAL ESTIMATES	SUMMARIES AND FORECASTS OF PLANS & BUDGETS	ANALYSIS AND REPORTS OF ACTUAL VARIANCE FROM PLAN
• Results (Outputs)	• MBR Plan & Forecast	• MBR Reports
	• MBR Abstracts	• MBR Reporting Abstracts
• Resources (Inputs)		
Expenditure	• F.D.B.S. Cash Flow (FORCAL)	• F.D.B.S. Reports
		• D.O.E. Variance Reports
	• Central F.I.S. Calendarization	• Central F.I.S. Reports
	• MOVAR • SALFOR • YRENDVAR • YRMBO	• Ministry Projected Variance Reports
Manpower	• Manpower Forecast	• Manpower Reports
	• IPPEBS Inventory	• IPPEBS Reports
	• STAFFMIX	

Note:
Refer to Appendix F, Resource Management Forecasting and
Reporting Systems.

The first column of Table 1 identifies the result outputs and resource inputs of expenditures and manpower in the ZBB plan and the Ministry's annual Estimates. The second column displays the various Ministry systems and reports to summarize, forecast and calendarize the result and resource elements which are planned and budgeted. The analytical systems and reports which deal with actual results and resource usage as they vary from plan and forecast are shown in the third column.

The chief focus of this section is on the MBR result forecasting and result reporting systems and procedures referred to in columns 2 and 3 of Table 1. It should be a major concern of every manager that these procedures be complied with fully so that full weight is given to results in keeping with the MBR philosophy.

Descriptive notes on the other forecasting and reporting systems concerned with resource expenditures and manpower are provided for reference in Appendix F. Some of the systems are computerized and not all managers are involved with all the systems and reports. As many of the systems have been established for a number of years, managers who may be interested in them can get additional details from other manuals and memoranda.

M.B.R. IMPROVEMENT FOR 1982/83

The Ministry's MBR systems will be further developed and enhanced for 1982/83 in four areas.

Forecast of Planned Results

The planning data on results, expenditure and manpower resources needed to establish MBR systems are all contained in the ZBB documentation. But this data is for the year in total. After resource budgets are established, planned resource usage is forecast or calendarized on a monthly basis. To give equal attention to the parallel attainment of results in line with resource usage, result expectations must also be scheduled throughout the year. While managers in prior years reported planned and actual data on a quarterly basis, for 1982/83 they will need to provide a forecast of the annual MBR plan by quarter, in advance of reporting results.

Integration of Result and Resource Data

Added emphasis will be placed on the integration of result and resource data in 1982/83. This will occur by way of a heightened concern for result attainment in the presentations, forecasts and variance analysis of resource usage as well as more detailed reference to, and explanation of, resource usage in MBR forecasts and reports.

The need for the improved integration of analysis and explanations dealing with results and resources can be illustrated by again referring to Table 1. Each of the forecasting and reporting systems by itself is mainly focused on one particular plan element. For example, F.D.B.S. cash flow calendarizations and reports deal only in dollars of expenditure, and some MBR reports may not pay enough attention to constraints on resource usage in explaining a shortfall in results. An example of improved integration of resource and result data would be quarterly MBR reports which were prepared in line with data and explanations used in the DOE and manpower variance reports made for the month end of the corresponding quarter.

Management Board Interface

MBR data presented to the Management Board in Abstract forecasts and reports will communicate clearly and simply to improve the Board's understanding of Ministry programs and to expedite decision-making with respect to resource allocations and changes in program funding.

A document titled, Managing by Results, A Way of Managing, Guidelines for Preparing Abstracts and Reporting to Management Board, was produced by the Management Board Secretariat in August, 1981. This booklet ties the MBR concept to the management process and describes the Board's requirements for MBR planning and reporting information. The Guidelines will provide Ministry managers with valuable assistance in their continued improvement of the interface with the Board Secretariat concerning resource needs and program results.

MBR Improvement Committees

As part of the Ministry's ongoing thrust to improve the quality of MBR, managers are encouraged to form branch MBR improvement committees. A suggested membership of such a committee would be line managers at the decision unit level under the chairmanship of one of the peer group. While branch directors might not participate directly on the working teams they should be ad hoc members and be kept informed of proceedings.

The main objective of such committees would be to get managers to participate, on an interactive basis, in the enhancement and simplification of MBR systems which serve their particular needs while contributing to better branch and program operations.

Staff of the Finance & Priorities Planning Branch will be available to provide guidance and instruction on MBR systems and otherwise assist in the formation and ongoing work on the branch MBR improvement committees.

BUDGET AND PLANS ESTABLISHED FROM ZBB

When the 1982/83 estimates submission is approved, a resource budget is automatically established for each program vote and activity item. The decision packages funded in a branch budget are those ranked above the budget line drawn on the branch ZBB Decision Package Ranking Sheet. Budgets are readily determined for decision units by aggregating the unit's decision packages which are funded in the branch budget. Decision unit budgets are backed up and substantiated by the documented decision packages which in the aggregate define the service level planned for delivery by the unit in return for the resources received.

Once budgets have been determined, MBR systems must be established which will report actual performance in delivering the service levels planned by the ZBB process.

PERFORMANCE DATA REQUIRED FOR MBR

While all the planning data needed for a MBR system is contained in the ZBB documentation, the actual performance data must be obtained from other sources. The sources of this performance data in connection with expenditure costs, manpower usage and result indicators are discussed below:

Expenditure Costs – The Ministry's Financial Data Base System (FDBS) can provide each decision unit with a monthly report of actual expenditure compared to plan. Managers must ensure that their FDBS structure is set up in such a way that cost data is readily obtained by ZBB decision units for MBR reporting.

Manpower Usage – Each year, as a regular procedure, branches prepare a calendarized forecast of their manpower needs, which have been funded as a result of the ZBB process. Throughout the year, monthly manpower reports are provided to analyse variances between actual and planned manpower resource usage. Managers should ensure that manpower usage is identified at the decision unit level for MBR reporting.

Service Level and Result Indicators – In the ZBB process, result indicators were quantified or qualified to define the service level planned for each decision package. For MBR systems to work it is essential that branch and decision unit managers maintain records of the actual service level delivered. In other words, having established the result indicators and the service level planned for each indicator, managers must follow up with a record of the performance actually achieved. These performance records are becoming more and more a focus of attention in the comprehensive, value for money, audits undertaken by the Ministry.

MBR FORMS

For 1982/83 two forms will replace the single dual purpose form used in prior years.

- 1982/83 MBR Plan and Forecast is used to document the annual MBR plan and provide a quarterly forecast of results.

- 1982/83 MBR Report is used to report quarterly results achieved compared to plan.

DOCUMENTATION OF ANNUAL MBR PLAN AND FORECAST

The MBR annual plan for the branch is documented on a number of Plan and Forecast forms; one for each decision unit in the branch and one for the branch as a whole. The documentation is then submitted for review by program and Ministry management. The following instructions describe completion of the form to document the annual MBR plan once the branch budget has been established:

- Head each page with the branch name and the name of the decision unit involved.

- Describe the period as "Annual Plan". Where the form is used to adjust or modify an original plan, for example, to reflect a constraint requirement, note the date, reason and period adjusted.

- Provide the FDBS Account Serial Number (ASN) reference to be used in 1982/83.

- Describe the functions and objectives. For each decision unit these will correspond to those shown on the decision unit's ZBB Plan & Summary form as used in the "Summary Mode". For the branch as a whole the functions and objectives should be stated in abbreviated fashion to describe total operations.

- After each function state the result indicators to be reported, one per line, and quantify or qualify each in the column headed "Annual Plan". For decision units these will correspond to the result indicators and aggregate quantities and qualities in funded decision packages recorded on the decision unit's ZBB Plan & Summary form.

- For the branch, result indicators may be defined to reflect branch performance as a whole. These result indicators are of particular importance in reporting gross numbers to Management Board and in developing presentations to Cabinet on policies and priorities. Examples of branch performance indicators are contained in the administrative data which branches provide for the annual Estimates briefing.

- Record the resources in man years and expenditure allocated to each decision unit and to the whole branch for the year. These will correspond to the budgets established in the ZBB process. The resources of all decision units must total to the resources of the branch.

- A new feature of the 1982/83 MBR plan documentation is the quarterly forecast of the annual result data. For each of the result indicators recorded in the Annual Plan column, show the quantity or quality forecast for each quarter of the year. Managers will find the records of actual result data maintained in the current and previous years a helpful guide to making the 1982/83 forecast. The man year and expenditure data in each quarter will be derived from the cash flow calendarization and manpower forecast made by the decision unit or branch.

At this stage, before the MBR plan is submitted for approval by program and Ministry management, it may be helpful for managers to have it reviewed by a Finance & Priorities Planning Branch analyst for continuity and consistency with ZBB decision packages funded for 1982/83 and with the 1981/82 MBR plan and reports.

Following approval, branch MBR plans are filed with the responsible executive director and assistant deputy minister and with the Finance and Priorities Planning Branch for inclusion in the Deputy Minister's MBR Book.

REPORTING OF RESULTS

The MBR Report form is used to report results against plan. The following procedures describe how MBR reports are prepared from the annual plan and forecast documentation.

- Make up a 1982/83 MBR Report form for each decision unit and one for the branch as a whole. Each page will show the functions, result indicators and resources which were planned and forecast for the year.

- Describe the period covered, for example, "For the quarter ended June 30".

- For each result indicator and the resources employed, show the planned, actual and variance data for the period of the report. On a second set of forms, provide cumulative year-to-date data for each result indicator and the resources used in the planned, actual and variance columns.

- Explain the reasons for significant variance between actual and planned results.

- The quarterly MBR reports for June 30, September 30, December 31 and March 31 should be reviewed by managers for consistency and compatability with the F.D.B.S. reports and the monthly DOE and manpower variance reports for the corresponding month end. This integration of result and resource data is one of the areas of MBR improvement for 1982/83.

Ministry policy requires each branch manager to provide quarterly MBR reporting to program and Ministry management. A branch manager will, therefore, require reporting of MBR data from the decision unit managers at least on a quarterly cycle. However, the branch manager should give serious consideration to more frequent reporting within the branch by decision unit managers. For example, reporting to the branch manager from certain decision units may be required on a monthly basis and it may be useful to have special weekly reporting on some particularly sensitive performance indicators.

Branch quarterly MBR reports, in addition to being sent to the responsible executive director and assistant deputy minister according to program procedures, are also sent to the Finance & Priorities Planning Branch for inclusion in the Deputy Minister's MBR Book.

VI. ZBB AND MBR FORMS

1. 1982/83   ZBB Plan & Summary
               (Form ZBB1)

2. 1982/83   Decision Package Worksheet
               (Form ZBB2)

3. 1982/83   Decision Package Ranking Sheet
               (Form ZBB3)

4. 1982/83   MBR Plan & Forecast

5. 1982/83   MBR Report

Ministry of Revenue
Ontario

Branch (Activity)		Decision Unit				

Completed in Planning Mode ☐ or Summary Mode ☐   Number of Decision Packages ☐

FUNCTIONS AND RESULT INDICATORS	Decision Unit Result Totals	Mark "X" opposite Function in Package — Show Output Quantity/Quality against Result Indicator				
		DP1	DP2	DP3	DP4	DP5

RESOURCE REQUIREMENTS	Resource Totals	Show Amount of Resource Item in Package				
		DP1	DP2	DP3	DP4	DP5
Manpower (Man Years)						
Salaries						
Benefits						
Travel						
Services						
Supplies						
Recoveries						
Total ($'000)						

Ministry
of
Revenue
Ontario

1982/83 ZBB Decision Package Worksheet

REFERENCE CODE

Program _____

Branch (Activity) _____

Decision Unit _____

Decision Package Number _____ of _____

Decision Package Level or Type

FUNCTIONS (What the package does and what its objectives are) Ongoing ☐ New Initiative ☐ Limited Duration ☐

Ranking Sheet Word Description

SERVICE LEVEL PLANNED	
Result Indicators	Quantity /Quality

MANPOWER		Man Years
Classified	Regular	
	Overtime	
Contract		
Temporary		
Total		
Annual Need		

EXPENDITURE	$'000
Salaries	
Benefits	
Travel	
Services	
Supplies	
Recoveries	
Total	
Annual Cost	

ADDITIONAL DATA (alternatives, consequences, technical changes, related decision packages, etc.)

Classified Staff Detail			
Position Description and Position Code	Classification	Number	Salaries
Classified Staff Totals			
Other Salary Costs: Class. O/T_____ Contract _____ Temp. _____ Total			
Total Salary Expenditure			

Additional Data (Expansion of previous sections)

1982/83 ZBB Decision Package Ranking Sheet

Program or Branch

Rank	Reference Code	Decision Package Identification Decision Unit — Service Level	Package Number	Proposed Package		Cumulative	
				Man Years	Expense ($'000)	Man Years	Expense ($'000)

0527B (81 09)

ZBB3

Branch (Activity)	Decision Unit				
FDBS ASN	Period				

FUNCTIONS AND RESULT INDICATORS	Annual Plan	Quarterly Forecast			
		1st	2nd	3rd	4th
RESOURCES Man Years					
Expenditure ($'000)					

ADDITIONAL DATA & NARRATIVE (use reverse if necessary)

1951A (81 09)

Branch (Activity)	Decision Unit		
FDBS ASN	Period		

FUNCTIONS AND RESULT INDICATORS	Annual Plan	For Reporting Period		
		Planned	Actual	Variance
RESOURCES Man Years				
Expenditure ($'000)				

REASON FOR VARIANCE IN RESULTS PLANNED (use reverse if necessary)

VII. <u>APPENDICES</u>

A.   Ministry of Revenue
          Current Strategic Objectives

B.   1982/83 Resource Allocations
          and Reserves

C.   1982/83 Estimates
          Program and Activity Structure

D.   Definition of Result Indicators,
          Outputs and Performance Measures

E.   Decision Package Reference Codes

F.   Resource Management
          Forecasting and Reporting Systems

MINISTRY OF REVENUE
CURRENT STRATEGIC OBJECTIVES
(A sampling from recent documentation)

Total Ministry

- Observe continuing constraints in government drive to balanced budget.

- Maximize E.D.P. investment to meet future growth without staff increases.

- Improve customer/client services and deregulation.

- Relocate to Oshawa without disruptions.

Tax Revenue

- Provide the capacity to help shape government tax and related policies and programs and judge the effectiveness of tax policies and the impact on classes of taxpayers.

- Ensure that tax laws and administrative policies are attuned to current business practices and easily understood by taxpayers.

- Actively maximize revenue through effective operations.

- Protect the integrity of the tax system and current revenue flows by constantly monitoring for abuse.

- Provide taxpayers with easily accessible, simplified and inexpensive appeal mechanisms.

Property Assessment

- Improve data collection, analysis, information output and customer service through the development of more comprehensive automated systems.

- Establish open, decentralized operating decision structures to improve staff productivity and better respond to the demands of local government elected councils and ratepayers.

- Strengthen policy input to government planning of the Assessment Program through the suggestion of new alternatives and directions.

- Enhance municipal-provincial co-operation and liaison in the search for solutions to the problems of municipal tax reform.

MINISTRY OF REVENUE
CURRENT STRATEGIC OBJECTIVES
(A sampling from recent documentation)
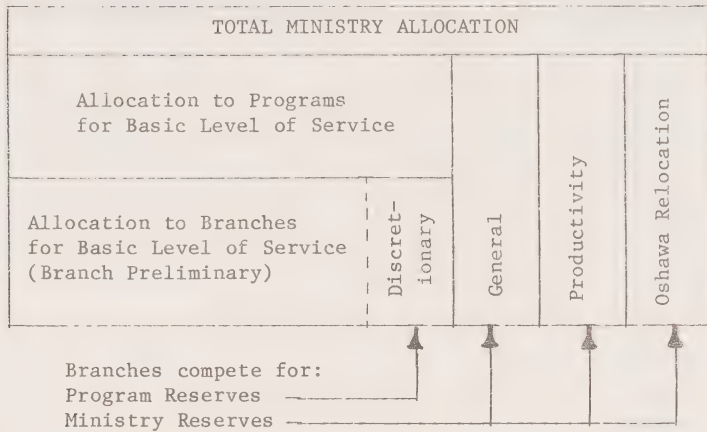

Province of Ontario Savings Office

- Improve the customer service environment through a systematic upgrading of physical plant.

- Ensure a high quality of customer service by training and retaining competent staff.

- Absorb increases in demand for services with existing plant staff through improved productivity, derived mainly from upgraded on-line computer banking systems.

Support Services

- Provide manpower planning recommendations and manpower and organizational development proposals in support of at least a five year time horizon for all Ministry programs.

- Develop five year future projections of recommended Ministry EDP requirements in line with cost/capability trends in hardware and software technology.

1982/83 RESOURCE ALLOCATIONS AND RESERVES

TOTAL MINISTRY ALLOCATION				
Allocation to Programs for Basic Level of Service			Productivity	Oshawa Relocation
Allocation to Branches for Basic Level of Service (Branch Preliminary)	Discret- ionary	General		

Branches compete for:
Program Reserves
Ministry Reserves

ALLOCATIONS AND RESERVES FOR COMPETING ZBB PRIORITIES	TYPE OF DECISION PACKAGE COMPETING FOR FUNDS
Branch Preliminary	Basic
Branch Preliminary Program Discretionary Ministry General Reserve	Increment
Program Discretionary Ministry General Reserve	Enhancement
Ministry Productivity Reserve	Productivity
Ministry Oshawa Reserve	Oshawa

1982/83 ESTIMATES
PROGRAM AND ACTIVITY STRUCTURE

Ministry Administration Program	Vote 801
Main Office	801-1
Analysis and Planning	801-2
Legal Services	801-3
Audit Services	801-4
Financial Services	801-5
Supply and Office Services	801-6
Personnel Services	801-7
Communications Services	801-8
Systems Development Services	801-9
Relocation Project	801-10

Tax Revenue Program	Vote 802
Administration	802-1
Tax Appeals	802-2
Special Investigations	802-3
Revenue and Operations Research	802-4
Taxpayer Services	802-5
Taxation Data Centre	802-6
Corporations Tax and Other Taxes	802-7
Motor Fuels and Other Taxes	802-8
Retail Sales Tax and Other Taxes	802-9

Guaranteed Income and Tax Grants Program	Vote 803
Administration	803-1

Property Assessment Program	Vote 804
Administration	804-1
Policies and Priorities	804-2
Assessment Services	804-3
Assessment Field Operations	804-4
Special Properties	804-5
Data Services and Development	804-6

Province of Ontario Savings Office Program	Vote "S"
Administration	S

DEFINITION OF RESULT INDICATORS,
OUTPUTS AND PERFORMANCE MEASURES

The terms "result indicator", "output" and "performance measure" tend to be used interchangeably in ZBB and MBR. However, there are differences which it will be helpful to clarify.

RESULT INDICATOR is the general term given to data which indicates or measures whether or not a planned objective is being met or the desired result is being achieved.

Result indicators are of two types:

OUTPUT — this is the raw number of things produced or processed or the incidence of certain things happening. Some examples of output numbers are: the number of audits performed; the dollars of taxes collected; the number of times deposits are not made before 11:00 a.m.

PERFORMANCE MEASURE — this is a ratio type measure of efficiency or effectiveness.

EFFICIENCY — performance measures are usually ratios combining numbers with units of resource input or time. Examples are: audits per man year; people trained per year; pieces of mail delivered per day.

EFFECTIVENESS — performance measures tend to involve broader issues than simple output to input ratios and seek answers to such questions as: Is the quality satisfactory? Are objectives being achieved? Are deadlines being met?

Some raw number output quantities, especially the incidence type numbers, can be proxy indicators of effectiveness, e.g. the number of documents in a typing backlog and the number of times that deposits are not being made before 11:00 a.m. More meaningful effectiveness indicators can be created in ratio or percentage form when combined with some other criterion or raw output quantity, for example, the number of documents in a typing backlog as a percentage of the total documents typed.

APPENDIX E

DECISION PACKAGE REFERENCE CODES

VOTE	ORGANIZATIONAL UNIT	PROGRAM CODE	BRANCH CODE
	Ministry Administration (Administration)		
801-1 (Part)	Minister's Office	M	MO
801-1 (Part)	Deputy Minister's Office	M	DM
801-2	Finance and Priorities Planning	M	FP
801-3	Legal Service	M	LS
801-4	Audit Services	M	AS
	Ministry Administration (Support Services)		
801-5 (Part)	Executive Director, Support Services	S	ED
801-5 (Part)	Financial Services Section	S	FS
801-6	Supply and Office Services	S	OS
801-7	Personnel Services	S	PS
801-8	Communications Services	S	CS
801-9	Management Systems	S	MS
801-10	Relocation Project	S	RP
	Revenue Program		
802-1 (Part)	Administration	R	MO
802-1 (Part)	Executive Director, Tax System Operations and Design	R	ED
802-2	Tax Appeals	R	TA
802-3	Special Investigations	R	SI
802-4	Revenue and Operations Research	R	RR
802-5	Taxpayer Services	R	TS
802-6	Taxation Data Centre	R	TD
802-7	Corporations Tax and Other Taxes	R	CT
802-8	Motor Fuels and Other Taxes	R	MF
802-9	Retail Sales Tax and Other Taxes	R	RS
803-1	Guaranteed Income and Tax Grants	R	GI

DECISION PACKAGE REFERENCE CODES

VOTE	ORGANIZATIONAL UNIT	PROGRAM CODE	BRANCH CODE
	Property Assessment Program		
804-1	Administration	A	MO
804-2	Policies and Priorities	A	PP
804-3	Assessment Services	A	SV
804-4 (Part)	Head Office	A	99
804-4 (Part)	Cornwall, Region #1	A	01
804-4 (Part)	Brockville, Region #2	A	02
804-4 (Part)	Ottawa, Region #3	A	03
804-4 (Part)	Pembroke, Region #4	A	04
804-4 (Part)	Kingston, Region #5	A	05
804-4 (Part)	Trenton, Region #6	A	06
804-4 (Part)	Lindsay, Region #7	A	07
804-4 (Part)	Toronto, Region #9	A	09
804-4 (Part)	North York, Region #10	A	10
804-4 (Part)	Scarborough, Region #11	A	11
804-4 (Part)	Etobicoke, Region #12	A	12
804-4 (Part)	Whitby, Region #13	A	13
804-4 (Part)	Newmarket, Region #14	A	14
804-4 (Part)	Mississauga, Region #15	A	15
804-4 (Part)	Barrie, Region #16	A	16
804-4 (Part)	Bracebridge, Region #17	A	17
804-4 (Part)	St. Catharines, Region #18	A	18
804-4 (Part)	Hamilton, Region #19	A	19
804-4 (Part)	Brantford, Region #20	A	20
804-4 (Part)	Cambridge, Region #21	A	21
804-4 (Part)	Guelph, Region #22	A	22
804-4 (Part)	London, Region #23	A	23
804-4 (Part)	Goderich, Region #24	A	24
804-4 (Part)	Owen Sound, Region #25	A	25
804-4 (Part)	Chatham, Region #26	A	26
804-4 (Part)	Windsor, Region #27	A	27
804-4 (Part)	North Bay, Region #28	A	28
804-4 (Part)	Timmins, Region #29	A	29
804-4 (Part)	Sudbury, Region #30	A	30
804-4 (Part)	Sault Ste. Marie, Region #31	A	31
804-4 (Part)	Thunder Bay, Region #32	A	32
804-5	Special Properties	A	SP
804-6	Data Services and Development	A	DS

Province of Ontario Savings Office

VOTE	ORGANIZATIONAL UNIT	PROGRAM CODE	BRANCH CODE
S	Administration	P	PO

APPENDIX F

RESOURCE MANAGEMENT
FORECASTING AND REPORTING SYSTEMS

The purpose of Appendix F is to describe the content of, and the relationship between, the various central agency and Ministry resource management, forecasting and reporting systems shown in Table 1 of the MBR section of the Manual. These resource management systems include both manual and computerized systems. They may be divided into two categories relating to the type of resource managed:

- Systems for managing financial resources
- Systems for managing manpower resources

SYSTEMS FOR MANAGING FINANCIAL RESOURCES

The first stage in ensuring proper mnagement of financial resources is frequent regular reporting of actual expenditure against budget at various levels of aggregation – common object code, cost centre, branch, program and Ministry levels. In the Ministry of Revenue, the Printed Estimates are calendarized using a computerized forecast calendarization system (FORCAL). The outputs of the FORCAL system are the calendarized budgets which are automatically loaded into the Ministry's internal accounting and reporting system (FDBS). The FORCAL system also produces the calendarizations required for the Central Financial Information System (FIS) maintained by the Ministry of Treasury and Economics. The following notes briefly describe these systems.

- Financial Data Base System (FDBS)

    The Ministry's computerized Financial Data Base System (FDBS) records all budgeted and actual expenditures by common object code at the decision unit (ASN) level. Monthly reports and summaries showing variances between forecast and actual expenditures are available at ASN, branch and program levels to provide controls on the standard accounts classifications in line with the printed estimates and approved budget calendarizations.

- Central Financial Information System (FIS)

    The Central Financial Information System (FIS) is a computer-based system maintained by the Financial Information and Accounting Policy Branch, Office of The Treasury, Ministry of Treasury and Economics. The system is designed to assist central agencies and ministry management in a continuous assessment of overall budget performance and program expenditure performance during the fiscal year and to forecast the year's fiscal results against plan. In addition, the system assists in the effective central management of liquid reserves through monitoring and control of cash flows.

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- Forecast Calendarization System (FORCAL)

  The calendarization of expenditure estimates is automatically input to the FDBS system by the word interactive APL system called FORCAL. Totals for the standard accounts classifications are aggregated from funded ZBB decision packages for each decision unit ASN. Cash flows for common object codes in the salaries and benefits classifications reflect central agency rules concerning lags and allocation of pay dates and actual salary needs based on current wage rates. D.O.E. classifications are calendarized on the basis of branch estimates of monthly requirements.

The second stage in ensuring proper management of financial resources is to analyse the dollar variance being reported in the FDBS system and to reforecast the probable result of the current trends. Over the last four years, the Finance and Priorities Planning Branch has developed a number of computer-based analytical systems for this purpose. The F&PPB regularly forecasts the financial position of the Ministry at year-end on two bases:

- A year-end variance based on a mechanized projection of current trends using the monthly variance system (MOVAR).

- A year-end variance on a judgmental basis. These judgmental forecasts take into account alternative salary forecasts using the salary forecasting system (SALFOR) and branch explanations reported in the monthly D.O.E. Variance Reports.

These forecasts are then fed into the year-end variance system (YRENDVAR). This system produces the reports which enable senior managers to take in-year action to control the level of expenditure at year-end. The following notes briefly describe these systems.

- Monthly Variance System (MOVAR)

  The MOVAR system is a word interactive APL system enabling the user to manipulate budgets and forecasts at the branch level by major common object code. It produces a variety of detail and summary reports in dollars, percentages and chart form, using various assumptions concerning Government constraints, Ministry reallocations of resources and claimable awards. It produces mechanized forecasts of expenditures using preprogrammed salary and benefit formulae.

- Salary Forecasting System (SALFOR)

  SALFOR is a system which assists in the forecasting of salary expenditures at the branch level. User-supplied information includes the staff inventory, salary rates, number of pay periods per month and several values relating to allowances for vacancies and turnovers. One important feature of SALFOR is the use of actual IPPEBS data to derive profiles regarding the distribution of staff within salary ranges.

- Monthly D.O.E. Variance Reporting System

  This manually prepared report from branches provides an explanation of significant D.O.E. dollar variances for the reporting period and year-to-date. A statement about future trends, where there are currently significant variances, provides a basis for forming plans to deal with the anticipated developments.

- Year-End Variance System (YRENDVAR)

  This system assists in projecting both the claimable awards and the expenditure variance at year-end based on the Ministry's allocation and the maximum award entitlement. As a by-product, the Ministry's underutilization of awards is computed, reflecting the potential unused claims due to underspending compared to plan in certain votes and items.

- Ministry Projected Variance Reports

  These reports are generated by the YRENDVAR system for review by senior management.

The final stage in the management of financial resources is the preparation of Management Board Orders at year-end to claim salary awards and related benefits, adjust budgets to reflect actual costs of new programs and initiatives and to authorize internal reallocations of resources in accordance with in-year Management Board authorizations. The Year-end Management Board Order System (YRMBO) enables the necessary documentation to be prepared by computer using the final year-end variance report data.

- Year-End Management Board Order (YRMBO)

  YRMBO is a system which identifies the action needed by the Ministry to ensure that adequate funds are available to meet the Ministry's expenditure requirements at year-end. To this end, YRMBO computes the claimable awards, proposes intra- and inter-branch transfers of funds in keeping with Management Board guidelines and having exhausted all other options, generates a "MBO request" figure for funding above the Ministry's approved allocation. The reports produced by YRMBO are used in the generation of the year-end Application and Report to Management Board.

SYSTEMS FOR MANAGING MANPOWER RESOURCES

In the management of manpower resources, the Ministry of revenue monitors both the actual usage of man-days against plan as well as the usage of classified structure ceiling allocated to the Ministry, on a monthly basis.

The system for monitoring man-days used against the ZBB plan was instituted by the Finance and Priorities Planning Branch as a manual management information system. It consists of an annual manpower forecast from each branch and a monthly manpower report on man-day usage from each branch as described below.

- Manpower Forecast

  This forecast is made at the beginning of the fiscal period by each branch and represents a calendarization of the manpower needs funded in the ZBB process. Reforecasts are required when there are in-year changes in manpower plans and resources.

- Monthly Manpower Report

  The Monthly Manpower Report from branches provides information on the utilization of manpower resources in each reporting period and consists of three sections. The first section provides a means of computing the actual staffing levels in man-days for classified staff in the reporting period. The second section shows man-day variances (year-to-date and current reporting period) for the four categories of manpower - Classified, Unclassified, GO Temporary and Other Temporary. The third section is reserved for any comments regarding variances (current and/or anticipated) in manpower.

For the purpose of monitoring compliance with the classified structure ceiling allocated to the Ministry, the Ministry of Revenue uses the Government-wide IPPEBS systems as well as an internal computer based system STAFFMIX. These systems are described as follows.

- I.P.P.E.B.S.

  IPPEBS stands for Integrated Personnel Payroll and Employee Benefits System and is the system maintained by the Ministry of Government Services for the Ontario Government. There are several IPPEBS Reports which are produced and distributed to the Ministry. One of these is the 'Classified Structure Inventory for Revenue' which is a monthly listing of the classified positions and C.S.C. for each position within the Ministry; this report is aggregated at both the branch and Ministry levels.

- Staff mix system (STAFFMIX)

  The staff mix system is a computerized system which calculates CSC requirements from the actual mix of classified staff resources funded in the ZBB process. It produces reports showing the number of positions in each classification by branch and the minimum and maximum salary cost relating to these funded positions. STAFFMIX reports are used by the Personnel Services Branch in updating the IPPEBS inventory of positions. This IPPEBS inventory establishes the total job maximum on the CSC reports provided by the Ministry of Government Services through the IPPEBS system. The STAFFMIX system is also used in the calculation of claimable salary awards.